



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0122	Title:	Encourage manufacture of ammunition in Montana to ensure availability
Primary Sponsor:	Rosendale, Matthew M	Status:	As Amended in Senate Committee

- ☐ Significant Local Gov Impact ☐ Needs to be included in HB 2 ☐ Technical Concerns
☐ Included in the Executive Budget ☐ Significant Long-Term Impacts ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 122, as amended, provides an exemption to statewide property tax mills and other business equipment taxes for any persons, or corporation, engaged in the manufacture of small arms ammunition components, which only includes propellants, primers and cartridge cases. There are currently no known manufacturers of small arms propellants, primers, or cartridge cases in the State of Montana. SB 122, as amended, is expected to have no fiscal impact to the State of Montana.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. Under current law, manufactures are required to pay state property taxes for any property used in the manufacture of ammunition components.
2. SB 122 exempts manufactures from paying any state property taxes for equipment, or land, used in the manufacturing of the small arms components.
3. To qualify for the tax exemptions provided under SB 122, a small arms ammunition manufacturer must:
 - a. Manufacture smokeless propellant, black powder, primers, or cartridge cases for small arms.

- b. Make the manufactured items available to consumers in Montana at a price that is no greater than the sales price to out of state consumers.
- c. Not enter into agreements that commit all of its sales to out of state consumers.
- 4. Manufacturers would still be required to pay the local share of property taxes levied on real property.
- 5. As of CY 2014, there are no known individuals, or corporations, engaged in the manufacture of small arms ammunition primers, propellants, or cartridge casings within the State of Montana. As no qualified manufactures currently exist in the State of Montana, the changes proposed in SB 122 will not have any fiscal impact to the state.
- 6. The Department of Revenue does not expect to incur any additional costs because of SB 122 as amended.
- 7. The tax credit would apply for tax years 2015 through 2024

Department of Commerce (DOC):

- 8. Sections 90-1-117, through 90-1-118, MCA, authorize small business matching grants for companies that have applied for, and received, a small business innovation research grants from a federal agency. SB 122 makes an establishment or manufacturer of propellant and small arms primers a qualified economic development purpose under this program.
- 9. The bill would make an establishment or manufacturer of propellant and small arms primers a qualified economic development purpose under the Big Sky Economic Development Trust Fund and eligible matching grants if it met the other qualifications.
- 10. The department does not anticipate any fiscal impact as a result of the passage of SB 122.

Sponsor's Initials

Date

Budget Director's Initials

Date